

PHILIP MORRIS  
INCORPORATED  
120 PARK AVENUE, NEW YORK, N.Y. 10017

HUGH CULLMAN  
CHAIRMAN  
PHILIP MORRIS U.S.A.

February , 1983

Dear :

Nineteen eighty-two was, without question, an exceedingly difficult year for the tobacco industry. In addition to the effects of a severe worldwide recession, high unemployment and a strong U.S. dollar ~~on sales~~, the industry was also under increasing attack in Congress. By the end of the 97th Congress in December 1982, some 48 bills affecting the tobacco industry had been introduced dealing, among other things, ~~with~~ cigarette advertising and labeling, self-extinguishing cigarettes and the levying of higher excise taxes. These legislative initiatives culminated with the doubling of the Federal excise tax on cigarettes which became effective on January 1, 1983. The excise tax increase cannot but have an unfavorable impact on industry sales.

As the tobacco industry faces the uncertainties of 1983, preliminary indications suggest that legislative attacks on the tobacco industry in the 98th Congress will equal--and possibly exceed--that of the 97th Congress. The enactment of cigarette advertising and labeling, self-extinguishing cigarettes or similar legislation, if combined with the effects of the increased Federal excise tax, could severely impact on our industry.

It is against this background that the Tobacco Institute has called upon its member companies to request that their executive officers take decisive action to provide the Tobacco Institute Political Action Committee (T.I.PAC) with an enlarged voice to represent

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the industry's interests in Congress against the rising tide of harmful legislation. In this connection, Philip Morris has assumed a goal of approximately \$35,000 which will be raised through voluntary contributions of its executive officers and contributed to T.I.PAC to strengthen its lobbying capability. It is expected that the executive officers of other member companies will take similar action.

Although the amount of your contribution is entirely your personal determination, it may be helpful to note that a contribution in the range .005% of your annual salary, (e.g. in the case of a \$100,000 salary, a .005% contribution would be \$500.00) would enable us to meet the Company's assumed goal.

I strongly urge you to take a few minutes of your time to consider this matter and to generously contribute to the fulfillment of the Company's goal, bearing in mind the vital interests of the tobacco industry that are at stake. There is little question that the extraordinary legislative challenges facing the tobacco industry require equally extraordinary countermeasures by the member companies and their executive officers alike.

Philip Morris has long held a leading role in its contributions to the preservation and vitality of the tobacco industry--an industry which has provided the Company, its employees and shareholders alike with steadily increasing financial benefits. Although you cannot personally lobby members of Congress on behalf of the industry, you can have an important personal impact through your T.I.PAC contribution.

If you desire to contribute, I would be grateful if you would send your check, payable to T.I.PAC, to:

Mr. John F. Mills  
Chairman  
T.I.PAC  
Suite 800  
1875 I Street, N.W.  
Washington, DC 20006

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Your T.I.PAC contributions should be, of course, in addition to your contribution to PHIL-PAC--the Company's own political action committee. PHIL-PAC makes a maximum inter-PAC gift of \$5,000.00 to T.I.PAC each year and we have encouraged other Tobacco Institute member companies to do the same. A good rule of thumb for PAC contributions is that you are permitted by law to contribute up to \$5000 annually to each separate PAC.

Sincerely,

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